

***Delaware Health Resources Board
Bayhealth and Beebe Freestanding Emergency Department
Review Committee Meeting Minutes
Tuesday, June 25, 2019 2:00 PM
Thomas Collins Building
540 S. Dupont Hwy. Dover, DE 19901
Division of Developmental Disabilities Training Room 101***

Review Committee Members Present: Carolyn Morris, Leighann Hinkle and John Walsh

Staff Present: Latoya Wright, Joanna Suder and Elisabeth Scheneman

Call to Order and Welcome

The meeting of the Review Committee for Bayhealth and Beebe Healthcare Freestanding Emergency Departments was called to order at 2:03 p.m.

March 28, 2019 Meeting Minutes

The meeting minutes were reviewed. There was a motion to approve the minutes. There was a voice vote, no abstaining and no opposing. Motion carried.

Review of follow up questions and responses

The Review Committee reviewed and discussed the responses to the follow up questions submitted to Bayhealth and Beebe from the March 28, 2019 meeting. It was stated that all follow up questions and responses will be included in both reports as an appendix for the Board to review.

Review of Bayhealth and Beebe freestanding emergency department applications in accordance to review criteria

Criterion I: The relationship of the proposal to the Health Resources Management Plan (HRMP). It was stated that at the March 28th Bayhealth and Beebe review committee meeting, Dr. Allison Shevock (the Board's epidemiologist) provided the Board with an overview of freestanding emergency departments that are hospital owned and non-hospital owned. In regards to Criterion I, it states applications must strike a balance in consideration of access, cost and quality of care. The Review Committee discussed both applications listed categories in their applications that conform to the HRMP; however, there is a concern with both applications as it relates to the costs, access and quality of care.

It is important to consider the appropriate level of care needed. The Review Committee also discussed their concern relative to the costs of care for emergency department visits. As it relates to the access to care, Bayhealth and Beebe believe there is a perceived need for emergency department services in the Georgetown area, which will increase the access of care in this area. Comments made at the public hearing on May 16 mentioned the potential growth in population with the construction of new housing developments east of route 30. Traffic is becoming a concern. It was also stated that Bayhealth and Beebe opposes the location for each other's proposed emergency departments. Bayhealth is proposing a 10-bed unit and Beebe is proposing a 21-unit facility. Public comments made by Nanticoke Hospital at the hearing stated two freestanding

emergency departments will increase the costs of healthcare and both proposals will affect their health care delivery system. The Review Committee agreed that two proposed freestanding emergency departments will increase the costs of healthcare, and provide a negative impact to Nanticoke. The Review Committee discussed the impact that the proposed Beebe's project will have on Nanticoke based on the proposed site. It was stated that Beebe's decision to have a 21-bed unit will definitely have an impact to Nanticoke.

The Review Committee agreed that Bayhealth's application did not meet this criterion with a 2:1 vote. The Review Committee agreed that Beebe's application does not meet this criterion.

Criterion II: The need of the population for the proposed project

It was stated that both applications perceive a need for emergency services in the Georgetown area. Both Beebe and Bayhealth applications mention the congestion and complexity of traffic in the proposed areas for the emergency departments as well as the projected growth of population in the Harbeson and Georgetown zip codes. The Review Committee stated that there may be issues with the traffic in those areas, however, that may not be a justified need for adding additional freestanding emergency departments. The Review Committee considered the question; if traffic were improved, would there still be a need for additional emergency department services? Both applications mention their current occupancy rates, which reflect that Bayhealth and Beebe are not a full capacity in their existing hospitals.

There was also a discussion surrounding the Governor's Executive Order 25-Quality Benchmark, specifically around emergency department utilization and the reduction of unnecessary use of the ER. It was stated that when consumers are faced with urgent issues that they believe is an emergency, they will go to an ER, which is more costly than visiting an Urgent Care or Walk in Center. Urgent Care and Walk in Centers however have limited hours of operation. There are services available in the proposed areas such as LA Red, Walk in Centers and the VA center within close proximity. It was stated that both applications mention recruitment of primary care physicians. The Review Committee stated it is the expectation that if more primary care physicians are recruited, then the need for emergency department visits should decrease. There was also a discussion surrounding the opportunity for Bayhealth and Beebe to possibly operate 24-hour Urgent Care Centers to relieve the need for emergency room visits. When presented with this inquiry during the review process, Bayhealth and Beebe stated they do not have plans to operate 24-hour Urgent Care Centers. The Review Committee stated that Bayhealth and Beebe failed to justify the need for additional emergency departments in the proposed locations.

The Review Committee agreed that both applications does not meet this criterion.

Criterion III: The availability of less costly and/or more effective alternatives to the proposal, including alternatives involving the use of resources located outside the state of Delaware.

It was stated that there are currently three hospitals in the area to include Beebe, Bayhealth and Nanticoke. The Review Committee discussed less costly and more effective alternatives available to include Walk in Centers and Urgent Care Centers. Delaware has an initiative to reduce the costs of healthcare. It was noted that over-utilization of emergency room services is an unnecessary costs. The goal is to decrease the over-utilization of emergency room visits. It was also discussed that freestanding emergency departments offer limited services than hospital freestanding

emergency departments. It was mentioned for the State of Delaware's Group Health Plan, 1/3 of the emergency department visits were non-emergent between October 2015 and September 2018. That is down five percent. The costs of these non-emergent ED visits between September 2017 and 2018 is 10x higher for ED versus Urgent Care Centers and primary care physician visits. Average costs for ED visits are \$1,484 versus \$126 for Urgent Care Centers. Freestanding emergency departments generate two types of bill to include a physician claim and a facility claim.

The Review Committee agreed that both applications does not meet this criterion.

Criterion IV: The relationship of the proposal to the existing health care delivery system.

It was stated that Bayhealth and Beebe's proposed freestanding emergency departments will have a direct impact on existing providers such as Nanticoke Hospital. Beebe's application stated that Nanticoke is 20 minutes from Georgetown. Comments made at the public hearing by Nanticoke stated that two freestanding emergency departments nearby will affect their core services. Nanticoke's efforts to lower the cost of care and benefit from the value-based programs they participate in will be negatively impacted by the proposed EDs. The Review Committee stated both proposals will have a negative impact to the existing health care delivery system.

The Review Committee agreed that both applications does not meet this criterion.

Criterion V: The immediate and long-term viability of the proposal in terms of the applicant's access to financial, management and other necessary resources.

It was mentioned that Bayhealth's proposal will be financed through cash reserves. Beebe's proposal will be financed through a bond. The Review Committee agreed that both proposals have the financial resources and capital for their proposed emergency departments.

The Review Committee agreed that both applications met this criterion.

Criterion VI: The anticipated effect of the proposal on the costs of and charges for health care.

The Review Committee discussed how both applications would increase the total cost of health care with emergency departments costing 10x more than Urgent Care and Walk in Centers. The applications are not in alignment with the Governor's Executive Order 25 Quality Benchmark regarding ED utilization and reducing the costs of healthcare.

The Review Committee agreed that both applications does not meet this criterion.

Criterion VII: The anticipated effect of the proposal on the quality of health care.

The Review Committee discussed that both applications submitted by Bayhealth and Beebe does mention how their proposals will improve access to behavioral health services, care coordination and improving the health care needs of the population. It was stated that Bayhealth will become a teaching hospital in the future and Beebe having a nursing school. The applications discuss recruitment and retention for primary care physicians. It was also discussed that Sussex County has a shortage of primary care professionals. The Review Committee however was uncertain if the proposed freestanding emergency departments will improve the overall quality of care based on the lack of justification from both proposals demonstrating the need for additional emergency room departments.

The Review Committee agreed that both applications does not meet this criterion.

Conclusion/Recommendation

The Review Committee recommends denial of both applications submitted by Bayhealth and Beebe for the construction of freestanding emergency departments in their proposed locations based on the following reasons:

- Comments made at the public hearing stated that emergency services are currently available within the proposed service areas.
- The proposals are not in alignment with Delaware's initiative to lower the costs of healthcare.
- There are less costly alternatives available rather than additional freestanding emergency services
- Both proposals will have a negative impact to the existing health care system.

Next Steps

The Review Committee will provide their recommendation to the Board at the July 25, 2019 Health Resources Board meeting.

Adjourn

The meeting adjourned at 3:02pm